United Nations A/66/349

General Assembly

Distr.: General
9 September 2011

Original: English

Sixty-sixth session
Item 134 of the provisional agenda*
Proposed programme budget for the biennium 2012-2013

Feasibility study on the United Nations Headquarters accommodation needs 2014-2034

Report of the Secretary-General

Summary

In its resolution 60/282, the General Assembly requested the Secretary-General to conduct a comprehensive study on the feasibility of the construction of a building on the North Lawn. The study was to include a number of factors such as architectural, security and host city issues that had not been incorporated in the business analysis contained in the report of the Secretary-General (A/60/874).

The present report is submitted pursuant to resolution 60/282 and presents the feasibility study on a new building on the North Lawn in the context of the projected accommodation needs of United Nations Headquarters and participating funds and programmes (the United Nations Joint Staff Pension Fund, the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services) from 2014 to 2034. The study also presents preliminary costing associated with such long-term options.

After the completion of the feasibility study, New York State passed legislation granting the United Nations Development Corporation approval to construct a new office building, to be referred to as UNDC-5, on the park immediately south of 42nd Street and First Avenue. The United Nations is the proposed occupant of UNDC-5. A condition of the approval is that the Development Corporation obtain agreement from the affected local community boards to build on the park by 10 October 2011.

* A/66/150.

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It is projected that resource requirements for the recommendation most appropriate at the time of the study would need to be committed within the biennium 2014-2015. The feasibility study should be considered in light of recent and ongoing developments regarding UNDC-5.

I. Introduction

1. In its resolution 60/282, the General Assembly stressed the need for a long-term strategy for the office accommodation at United Nations Headquarters and requested the Secretary-General to conduct a comprehensive study on the feasibility of constructing a building on the North Lawn of the United Nations Headquarters compound. The feasibility study was to address a number of factors such as security, architectural and host city and community issues that had not previously been included in the business analysis contained in the report of the Secretary-General (A/60/874). The funding for the study was included in the programme budget for the biennium 2008-2009.

2. One motivating factor for the feasibility study is the upcoming expirations of the office space leases of the United Nations Development Corporation, buildings 1 and 2. These buildings were constructed in 1976 expressly for the United Nations by the United Nations Development Corporation, a public benefit corporation of the State of New York, and are leased at below-market rates. They provide approximately 670,000 square feet (62,245 square metres) of office space, with the United Nations Secretariat and the United Nations Development Programme as the primary tenants. The current leases of UNDC-1 and UNDC-2 expire at the end of March 2018, with options to extend to the end of March 2023, but no renewal options beyond that date.

II. Background

3. Following the approval of resources for the feasibility study and a competitive solicitation process, the contract for the study was awarded in February 2010 to Skidmore, Owings and Merrill, a leading international architectural consultancy firm. The study proceeded to assess the United Nations long-term real estate needs over a 20-year time frame beginning in 2014.

4. To understand the Organization's long-term needs, the starting point of the study was a complete assessment of the staff who will be accommodated in long-term leased buildings and United Nations-owned properties at Headquarters in 2014. The complete list of currently occupied buildings is shown in table 1. Temporary swing spaces leased for the capital master plan are expected to be vacated prior to 2014 and were therefore not included in the study.

Table 1
United Nations system occupied buildings in New York as of 2014

A. Owned space of the United Nations system in New York as of 2014

Location	*Organization*	*Gross square feet*
Secretariat Building	United Nations	900 000
Office space in other compound buildings, including part of Conference Building, Library Building, basement, General Assembly	United Nations	416 250
UNITAR	United Nations	23 000
Total owned		**1 339 250**

B. Leased space of the United Nations system in New York as of 2014

Location	*Organization*	*Gross square feet*
UNDC-1	United Nations, UNDP	348 140
UNDC-2	United Nations, UNDP	331 179
UNDC-3	UNICEF	180 000
FF Building, 304 East 45 St.	United Nations, UNDP	319 024
Nigeria House	UNDP	6 856
Alcoa Building	United Nations	30 845
Falchi ARMS Warehouse, Long Island City	United Nations	50 413
1 Dag Hammarskjöld Plaza	United Nations, Pension Fund	88 641
Daily News Building	United Nations	74 822
633 Third Avenue	UNICEF	115 459
605 Third Avenue	UNFPA	130 740
Innovation, 300 East 42nd St.	United Nations	132 602
Court Square	United Nations	79 079
Albano Building	United Nations	187 060
Chrysler Building	UNOPS	40 000
Total leased		**2 114 860**

Abbreviations: UNDP, United Nations Development Programme; UNFPA, United Nations Population Fund; UNICEF, United Nations Children's Fund; UNITAR, United Nations Institute for Training and Research; UNOPS, United Nations Office for Project Services.

5. A steering committee, chaired by the Under-Secretary-General for Management, was established in May 2010. The committee comprised senior officials from across the Organization, including the participating funds and programmes, as follows: the Executive Office of the Secretary-General, the Department of Management, the Department of Safety and Security, the Department of Economic and Social Affairs, the Department of Field Support, the Department

for General Assembly and Conference Management, the Office of Information and Communications Technology and the United Nations Development Programme.

6. The steering committee provided overall guidance and direction to the consultant team on the long-term office space strategy, guided the progress of the study and endorsed recommendations during the course of the project.

7. The feasibility study team conducted one-on-one interviews with each member of the steering committee to establish a set of vision principles that would guide the project. These vision principles were endorsed by the steering committee and used to establish the framework for the subsequent analysis. The vision principles were as follows:

(a) The United Nations Headquarters campus is a unique and visible symbol of the Organization's mission. The campus should remain open and accessible to the public while providing necessary security. Its identity should inspire all those who work for the Organization as well as those who visit;

(b) The New York real estate portfolio of the United Nations Headquarters should be consolidated within a maximum 10-minute walking distance of the main buildings to create a sense of campus, promote efficient operations by maximizing the use of the existing facilities and provide greater operational efficiencies and security control;

(c) Technology is central to the implementation of United Nations Headquarters future initiatives, including the enterprise resource planning system, which responds to global climate change and promotes workplace best practices such as a paperless (digital) office, and global conferencing;

(d) While the United Nations workplace should embody functionality, diplomatic decorum carries equal importance. The workplace should be flexible and facilitate efficiency and productivity to accommodate a population that fluctuates owing to changing mandates;

(e) Continuous moderate growth of space requirements is projected. Global operations will continue to decentralize. At the same time, additional and expanded mandates are expected to lead to increased space needs. The Organization's future real estate should provide for departmental elasticity and permit flexible space utilization to address its fluctuating requirements. Polices should be adopted to implement efficient space management;

(f) The highest goals for achieving a "green building" will be recommended in accordance with the principles of energy conservation and sustainability.

8. The feasibility study team gathered historical data on the growth in the number of staff and associated space needs over the last decade. The study team then interviewed all Secretariat departments as well as the participating funds and programmes in order to identify trends and drivers and project space requirements until 2034. The United Nations Children's Fund will own the building it currently occupies, UNDC-3, at the end of the lease term. Given that its long-term accommodation needs in New York are met, the United Nations Children's Fund chose not to participate in the feasibility study.

III. Key findings

9. The United Nations Secretariat currently owns approximately 51 per cent and leases 49 per cent of its office space needs. The participating funds and programmes currently lease 100 per cent of their office space needs.

10. The United Nations has leased office space incrementally in response to its ongoing growth within the Midtown East neighbourhood of Manhattan. The result is that the Organization occupies most of the desirable and acceptable commercial properties within the vicinity of the Secretariat compound.

11. The population projections for the New York staff of the Secretariat, the United Nations Joint Staff Pension Fund, the United Nations Development Programme, the United Nations Office for Project Services and the United Nations Population Fund were calculated at an average annual growth rate of 1.1 per cent from 2014 to 2034. These population projections were used as the basis for the feasibility study. The information was compiled using historical data provided by Secretariat departments, while the funds and programmes provided their respective historical data together with future projections.

12. The 2014 milestone relates to the reoccupancy of the Secretariat after the completion of the capital master plan. The 20-year projection begins in 2014 and extends to 2034. This would allow the Organization to plan for growth and implement a strategy accordingly. The year 2023 is a milestone owing to the lease expirations of UNDC-1 and UNDC-2. Projections of the required space corresponding to the estimated headcount at that point in time were calculated.

13. For the purpose of determining an overall baseline space requirement, an allowance of 250 square feet (23 square metres) per person was used. This allowance is currently used by the United Nations Secretariat when searching for commercially leased office space and includes an allowance for miscellaneous shared space such as circulation and meeting rooms, etc.

14. Tables 2 and 3 below indicate the progression in space requirements between 2014 and 2034.

Table 2
Long-term accommodation requirements

(Area calculated in square feet)

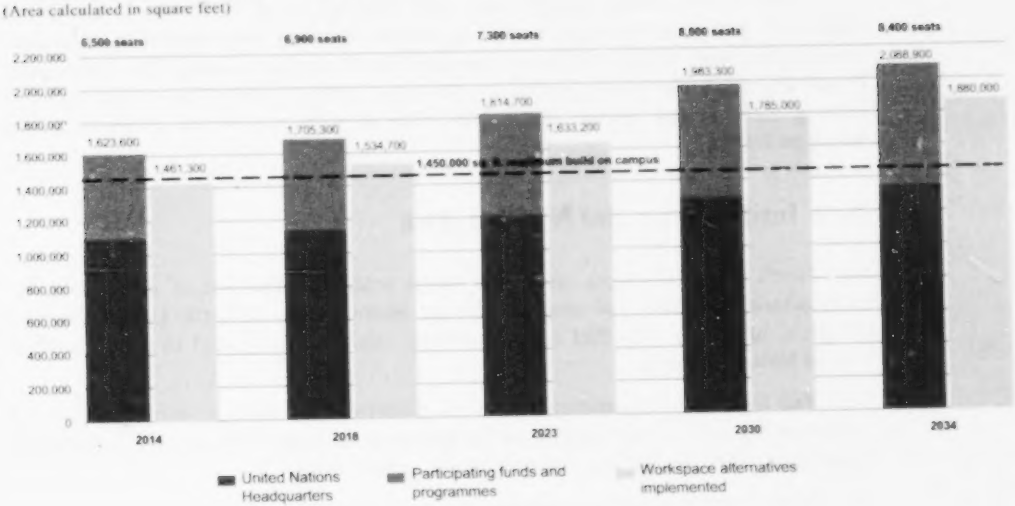


Table 3
Projected incremental staff growth[a]

Organization	*2010*	*2014*	*2018*	*2023*	*2030*	*2034*
United Nations staff	7 907	8 261	8 630	9 115	9 841	10 281
Independent offices	304	318	332	350	378	395
UNJSPF	246	288	337	410	539	631
UNDP	1 209	1 263	1 320	1 394	1 505	1 572
UNFPA	450	470	491	519	560	585
UNOPS	107	112	117	123	133	139
Total staff	**10 223**	**10 711**	**11 226**	**11 911**	**12 956**	**13 603**

Abbreviations: UNDP, United Nations Development Programme; UNFPA, United Nations Population Fund; UNJSPF, United Nations Joint Staff Pension Fund; UNOPS, United Nations Office for Project Services.

[a] Staff growth projection at annual average of 1.1 per cent.

15. In summary, in 2014 the Organization will require an additional 1.62 million square feet (150,500 square metres) to complement the existing office accommodation currently provided in the United Nations compound. The requirement in 2023 will increase to 1.81 million square feet (168,150 square metres) and to 1.88 million square feet (174,660 square metres) in 2034. These estimates assume that between 2023 and 2034, the United Nations will proactively implement "alternative workplace strategies", achieving 20 per cent efficiency gains and thereby reducing the need for additional office space for the designated time period.

16. The consulting team identified several efficiency opportunities relating to the use of office space that would result in reduced real estate requirements and lower operational costs. These opportunities are referred to as "alternative workplace strategies" and relate to aspects such as mobile working, telecommuting, flextime, compressed work weeks, core hours, summer hours and job-sharing. The sustainable benefits of these alternative workplace strategies include reduced paper use, reduced heating and cooling, greater space utilization as well as reduced commuting and travel pollution.

IV. New building on the North Lawn

17. North Lawn concepts were developed with the intention of preserving the architectural integrity and original design intent of the historic United Nations complex, in such a way that a new building might be integrated in a new unified United Nations campus.

18. The concepts incorporated current principles of energy conservation and sustainability and the required security measures factored in existing Headquarters operations, while respecting community and urban issues.

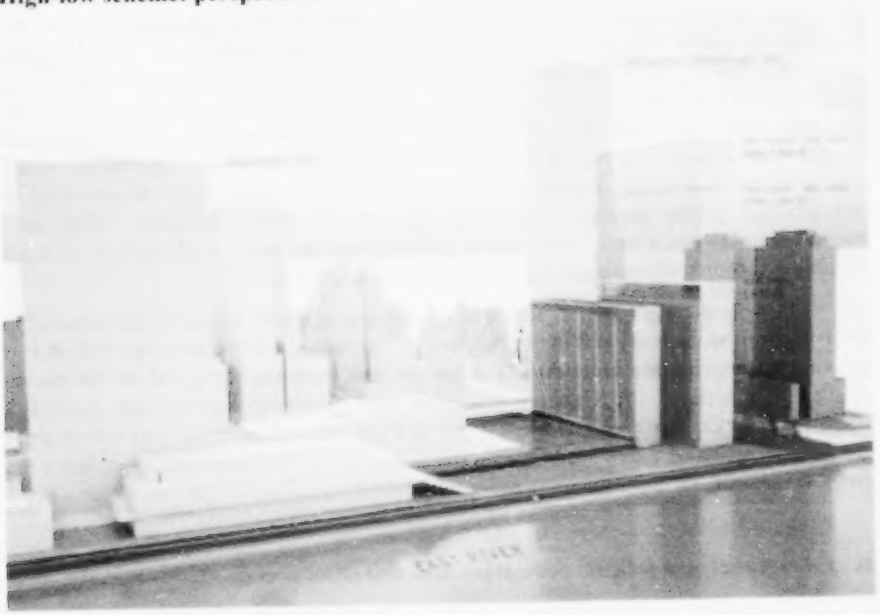
19. In applying the vision principles, the consistent themes to be achieved by each conceptual design were: openness, transparency and continuity of the public promenade from the General Assembly podium to the new building under consideration.

20. It was decided that the maximum capacity for any new building on the North Lawn would be 1,450,000 square feet (135,000 square metres). This building size is calculated by achieving the required security set-backs and taking into consideration heights, massing, urban issues, the size of floor plates as well as the overall capacity of the Secretariat campus. Taking into consideration historical and projected changes in office space needs and in accordance with industry best practices, the United Nations should aim to own up to 80 per cent of its office requirements and lease the remainder. Leased space can be added or relinquished more readily than owned space.

21. Within the parameters of the study, and in comparison with other options, building on the North Lawn represented the lowest risk and lowest life-cycle cost, primarily because the United Nations owns the land that it would build upon, reducing both risk and cost. A unified compound would offer additional operational efficiencies and allow the Organization to expand services and amenities to delegates and staff alike.

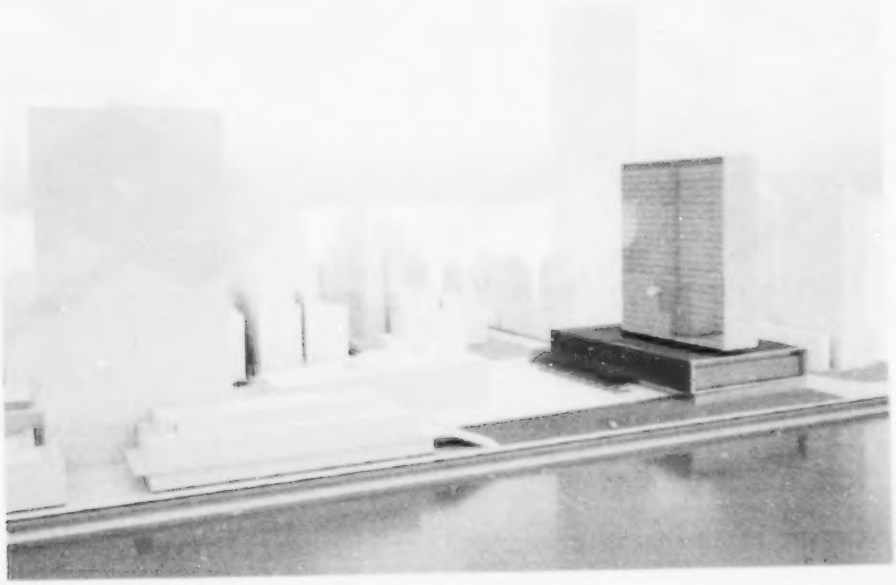
22. After considering many variations and the broad concepts of buildings on the North Lawn that would meet the United Nations requirements, the feasibility study team selected two basic building schemes for further study: (a) a high-low scheme (figure I); and (b) a courtyard scheme (figure II). The high-low scheme consists of a high tower and a low tower joined by an atrium. The courtyard scheme consists of a low building covering a large area creating courtyard space in the centre, with a tower extending up from the low building. These two basic schemes cover the parameters that need to be considered.

Figure I
High-low scheme: perspective view



Source: Skidmore, Owings and Merrill.

Figure II
Courtyard scheme: perspective view



Source: Skidmore, Owings and Merrill.

V. Architectural, security and host city and community issues

23. The new North Lawn building concepts aim to meet the intentions of the original designers, who had envisioned a building on the North Lawn. The site plan includes a major pedestrian and ceremonial entrance at 47th Street, as well as visual and physical connections to the East River (see figure III). New construction would restore access from East 47th Street to the campus at the original access point and would also restore the North Lawn area as a public space incorporating visual access to the East River. Pedestrian access to the North Lawn could be provided to the general public through augmented security screening facilities while staff movement between a new North Lawn building and the other buildings on campus would be through separate passages under the North Lawn.

24. The volume and position of the new building concepts allow visual separation from historic structures, and the rectilinear volumes perpendicular to the Secretariat provide an appropriate counterpart to the original slab building and to the north-south orientation of the General Assembly and Conference Buildings. Although open space at the north end of the campus is significantly reduced from the original design, the siting of a new building can be achieved in such a way as to preserve the trees at that end.

Figure III
High-low/courtyard scheme pedestrian and amenities access

High-low scheme **Courtyard scheme**

Source: Skidmore, Owings and Merrill.

VI. Other potential strategies

25. The study considered and compared a newly constructed building on the North Lawn with other long-term approaches to real estate with respect to four primary categories/options: (a) build on campus (new North Lawn building); (b) buy an existing building off campus; (c) lease space off campus; and (d) construct a building off campus.

26. A newly constructed North Lawn building would allow the United Nations to maximize adherence to the vision principles established at the outset of the present study, while affording many advantages of ownership and maintaining one unified campus. The other three primary real estate approaches did not achieve the vision principles to the same degree as a new building on the North Lawn.

27. The United Nations Development Corporation buildings represent a significant portion of the leased portfolio and if they were to be available upon expiration of the current leases, they would likely have their rates reset to market level, which would be considerably higher than the current rates. Regardless of any lease renewals, these buildings contain only about 670,000 square feet (62,245 square metres) and would not be sufficient to meet the space requirement projected for 2023.

28. An assumption was established for all real estate scenarios considered, including building on the North Lawn, that approximately 20 per cent of the overall space requirement would be leased. This approach affords flexibility to meet changing needs and reduces risk. As a result, the other options of constructing off campus and buying a building would need to be combined with some amount of leasing to meet the overall office space requirement.

29. The option of building off campus requires the purchase of land. Potential sites in the United Nations Headquarters neighbourhood and within a 10-minute walking distance of the main buildings were limited in number and were not large enough to construct a single building of the required size. In addition, this option would require substantial time to conduct negotiations with owners, neighbours and community groups before any building could be constructed. All of these issues increased the risks and estimated costs of constructing a new building off the United Nations compound, were the United Nations to pursue this option directly on its own behalf. Preliminary estimates are indicated in figures IV and V and tables 4 and 5.

30. Purchasing an existing building has the benefit of an existing structure built on land that has already been approved for that purpose. However, in order to meet the Organization's space requirements until 2034, several buildings would need to be purchased and renovated. Additionally, the existing building stock is many years old and inefficient both from infrastructure and space utilization perspectives. These factors increase the risks and costs associated with purchasing existing buildings.

31. Finally, should Member States choose not to pursue the options of building or buying, a status quo leasing strategy could be a viable alternative that would require timely and careful negotiations of existing leases as expirations approach or new space is made available. In the case of renegotiating the leases of UNDC-1 and UNDC-2, the rates will likely be increased to current market rates compared with the favourable rates that the United Nations has enjoyed throughout the lease term. While there are advantages to this option, such as continued efficiency owing to

existing security and technology infrastructures, there are also disadvantages, including staff being dispersed in multiple buildings, and the management of risk associated with numerous contracts increases costs.

United Nations Development Corporation: recent developments

32. On 15 July 2011, the Governor of the State of New York signed legislation authorizing New York City to discontinue the use of part of the Robert Moses Playground, south of 42nd Street and east of First Avenue, as parkland and to transfer it to the United Nations Development Corporation. Under this legislation, New York State Assembly Bill No. A08305A, the City is required to consult with and obtain the agreement of members of the State Senate, the State Assembly and the City Council representing the area in which the parkland is located through a memorandum of understanding, which must be signed by the Government authorities by 10 October 2011 at the latest. The legislation also states that a building that the United Nations Development Corporation would construct on that land should not be higher than the Secretariat Building and should not have more than 900,000 square feet of floor area. Should Member States make a decision to proceed in cooperation with host Government authorities to develop UNDC-5, incorporating either a "lease-to-own" or similar arrangement that would result in the United Nations owning the building, this would be seen as a decision to build off campus. Such a decision would preclude following up on other major approaches, i.e. building on campus, purchasing existing buildings off campus or leasing on a large scale.

VII. Preliminary cost estimates

33. Prior to the analysis of costs, it was necessary to build a costing foundation for the four primary options: (a) building on campus; (b) buying off campus; (c) leasing off campus; and (d) building off campus. The vision principles established the importance of a sense of campus with a maximum 10-minute walking distance from the Secretariat. This was a key priority for the assessment of potential future sites.

34. All potential sites were categorized and evaluated based on key criteria specific to each building type as well as overall unifying criteria. Risk criteria were also established and accounted for in the evaluations. Following a comprehensive analysis of sites, the results were consolidated and levelled to create an average dollar per square foot baseline, which was then incorporated in the cost models.

35. The resulting programming need of approximately 1.81 million square feet (167,225 square metres) of office space is beyond the desired capacity for the United Nations Secretariat campus. It is therefore necessary to combine distinct real estate options in varying degrees to create feasible real estate scenarios that could meet the long-term space requirements. Once the scenarios were developed, risk evaluations informed the assessment of a set of qualitative and quantitative pros and cons, providing a "risk ranking" for each real estate scenario.

36. The cost models developed for each option provided an estimate of a total project cost consisting of six primary components where they were applicable:

owner soft costs; trade costs; construction costs; new core and shell construction; fit-out costs; and project contingency.

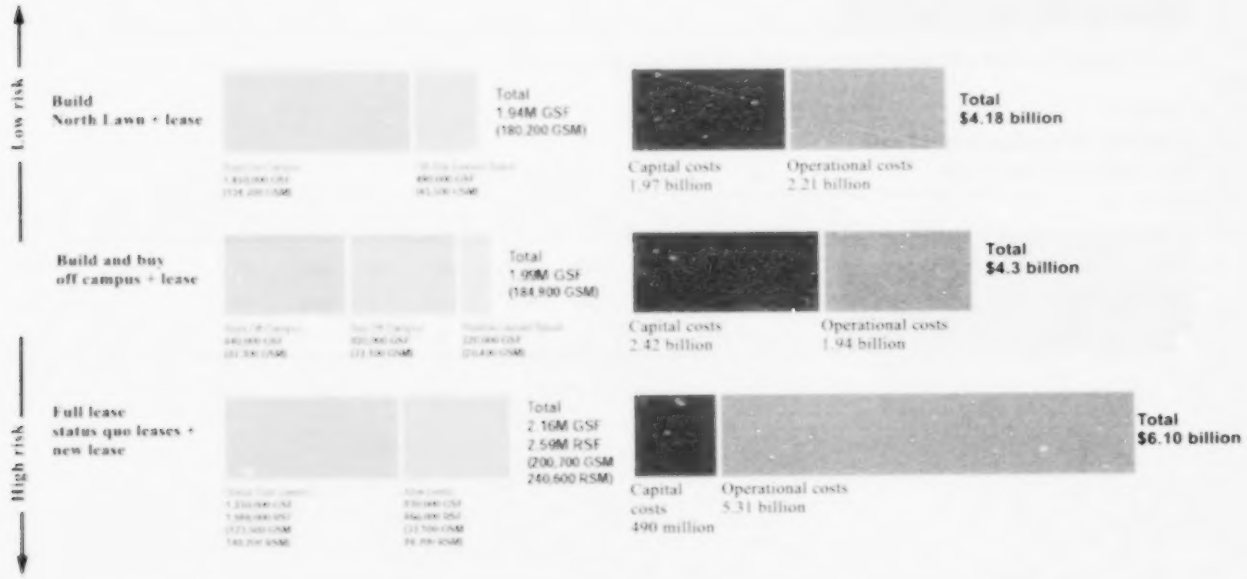
37. The North Lawn cost model options were prepared using the conceptual designs illustrated in section IV of this report. These conceptual designs provided a basis for cost-estimating, based on quantities found in the designs as well as benchmark industry costing standards. The models incorporated all major building systems, including sustainable building systems, and any significant site constraints that could affect the cost of constructing a new building.

38. The categories of building off campus, buying and leasing were modelled on a variety of potential buildings and sites that could be available within the United Nations Headquarters neighbourhood. Building off campus carried many of the same costs as building on campus with the exception of having to purchase land. Other factors, such as the upgrading of existing infrastructure and security, were also taken into account.

39. The status quo lease costing was modelled on industry standards and historical United Nations expenditure for the fit-out and upgrading of leased space. These costs include upgrades to infrastructure for increased sustainability as well as workplace upgrades.

40. The figures and tables below demonstrate preliminary cost estimates for the three most likely scenarios that the Organization may consider. In line with previous decisions taken by the Organization related to major capital projects, the costing tables have not taken into account any financing.

Figure IV
Scenario: programme, capital and operational costs

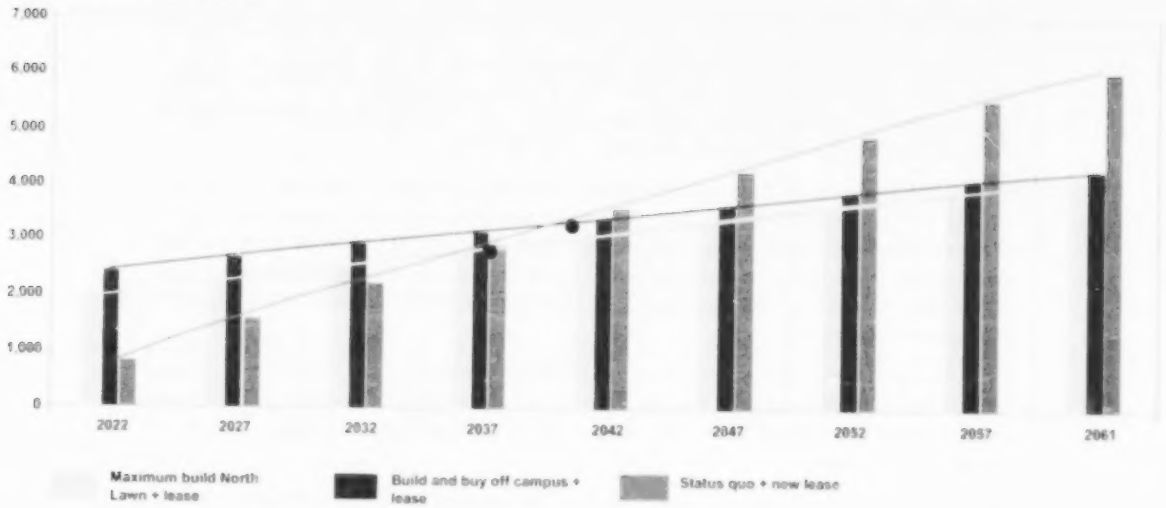


Abbreviations: GSF, gross square feet; GSM, gross square metres; RSF, rentable square feet; RSM, rentable square metres.

Figure V

Analysis of life-cycle (cumulative) cost

(Millions of United States dollars)



Life-cycle cost at sample points in time[a]

	2022	*2027*	*2032*	*2037*	*2042*	*2047*	*2052*	*2057*	*2061*
Maximum build North Lawn + lease	2 030	2 300	2 580	2 860	3 140	3 410	3 690	3 960	4 180
Build and buy off campus + lease	2 470	2 720	2 950	3 180	3 420	3 650	3 880	4 110	4 290
Status quo + new lease	850	1 620	2 280	2 950	3 610	4 270	4 930	5 580	6 090

[a] Costing in millions of United States dollars as of 2011 and based on annual incremental adjustments.

Table 4

Analysis of annual capital cost

(Millions of United States dollars)

	2014	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*	*2023*	*2024*	*Total*
Maximum build North Lawn + lease	28	28	33	329	329	408	408	408				1 970
Build and buy off campus + lease	22	40	41	274	505	512	512	512				2 420
Status quo + new lease	0	30	41	41	41	158	158	158	53	53	53	790

Table 5
Summary matrix of costs
(United States dollars)

	Capital cost 2014-2021	*Annual operational cost*	*40-year life-cycle operational cost*	*Capital and 40-year life-cycle operational cost*
Maximum build North Lawn + lease	1 970 000 000	55 000 000	2 210 000 000	4 200 000 000
Build and buy off campus + lease	2 450 000 000	46 000 000	1 840 000 000	4 300 000 000

	Capital cost 2014-2021	*Annual operational cost*	*40-year life-cycle operational cost*	*Capital and 40-year life-cycle operational cost*
Status quo + new lease	790 000 000	131 000 000	5 310 000 000	6 100 000 000

VIII. Conclusion and recommended actions

41. Within the parameters considered, the findings of the study point to advantages for the United Nations in constructing on the North Lawn. A North Lawn office building emerged as possibly the best new building option. It would best satisfy the vision principles, present the lowest cost, lowest risk and would accommodate the most United Nations staff in a newly constructed and owned United Nations building. Given recent developments regarding UNDC-5, this conclusion would be subject to re-evaluation once fully comparable cost estimates and other parameters, such as the actual floor area and timing of availability of UNDC-5, are known.

42. Constructing United Nations property does afford a number of advantages, including control over the timing and delivery of the new space on the North Lawn, control over the entire process and the opportunity to create a building tailored to the specific needs of the United Nations. A new North Lawn building would complete the campus as originally envisioned, unify the United Nations community and contribute to expressing the mission of the United Nations.

43. By 2023, the United Nations office space needs, including participating funds and programmes, will total 1.81 million square feet (168,150 square metres). This need will greatly exceed the capacity of the owned and leased buildings in the current United Nations real estate portfolio. It will be challenging to meet this need from existing or potential newly built real estate within the prescribed 10-minute walking distance.

44. Existing leases cannot provide adequate space and the United Nations currently rents much of what is available in the neighbourhood of the Secretariat campus. New, additional leases will likely exacerbate existing problems relating to security, coordination among departments, information technology and staff dispersion and isolation as well as commuting distances. New lease options have emerged as being more expensive and further away from the campus. Few buildings of the size of UNDC-1 and UNDC-2 stand anywhere in proximity to the campus without significant commuting times.

45. With United Nations Development Corporation leases expiring and an estimated continued 1.1 per cent staff growth, it is an advantageous time for the

United Nations to plan its approach to its future space needs and to continue the vision of the Organization. Depending on the outcome of the negotiations between the host Government authorities and the United Nations Development Corporation regarding UNDC-5 (cited in section VI of the present report), the conclusions of this report may require modification or reconsideration. However, that outcome will not be known until after 10 October 2011.

IX. Actions for the General Assembly

46. **The General Assembly is requested to take note of the present report and may wish to provide guidance to the Secretariat as to any further reporting on the options available for meeting long-term space requirements at Headquarters.**